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Dairy Farm Business Summary

1989

1989

NOVA SCOTIA DAIRY FARM

BUSINESS SUMMARY REPORT

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PREFACE

The 1989 Nova Scotia Dairy Farm Business Summary is a synopsis of the business performance of one hundred and thirty-five (135) Nova Scotia Dairy Farms. The majority of these farms participated in the Canfarm Records Program in 1989.

The farms used in this summary were not selected on a random sample basis. Instead, farmers volunteered to have their data included in the summary. Hence, care should be exercised in the use and interpretation of the results shown in the various tables of this publication.

Despite this limitation, this publication can be used by farmers to compare their individual results with group average figures for farms with similar characteristics. Such comparison can provide the farm manager with useful information that can be used in management decisions. However, the best information is the farmer's own records, and comparison of these from year to year.

The co-operation of the one hundred and thirty-five (135) dairy producers who participated in this summary is gratefully acknowledged. Without their co-operation and data, no summary would be possible.

We would also like to acknowledge several individuals who contributed significantly to this publication: Jim Houghton, Pam Fraser and Donnie Langille who assisted with data collection; and Tracey Mitchell who performed the secretarial duties.

Every effort has been made to ensure the accuracy of this report; however, the authors accept full responsibility for any errors or omissions which may inadvertently appear in the final version.

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Section A

Introduction

INTRODUCTION

The Nova Scotia Dairy Farm Business Summary is designed to provide benchmark information that can be used to compare the financial strengths and weaknesses of individual dairy farms with similar characteristics. Farm business analysis is an important function of the farm manager-operator. When analysing the farm business, you must ask meaningful questions regarding the costs, incomes, efficiencies and capital investment found in your business. This summary is designed to assist you with those questions and to provide you with basic information for comparison purposes. By identifying the strengths of your business and building on these, you should be able to enhance the profit picture of your farm business. By identifying the weaknesses of your business and taking corrective action, the profit picture should also be improved.

Standards of performance and business progress are matters of personal choice and family goal setting. Each farm situation will have a different set of goals or objectives - a different set of values that you feel must be met through the farm business. It is for each of you to identify these and then compare your performance in achieving these objectives.

There are several ways that you can compare your farm performance. These include:

- You can compare your performance this year to that of last year. This perhaps is the best comparison. Have you progressed in reaching the goals you have set for your farm business.

- You can compare your performance with group average data for farms of similiar size and general characteristics. This report may be useful in this regard.

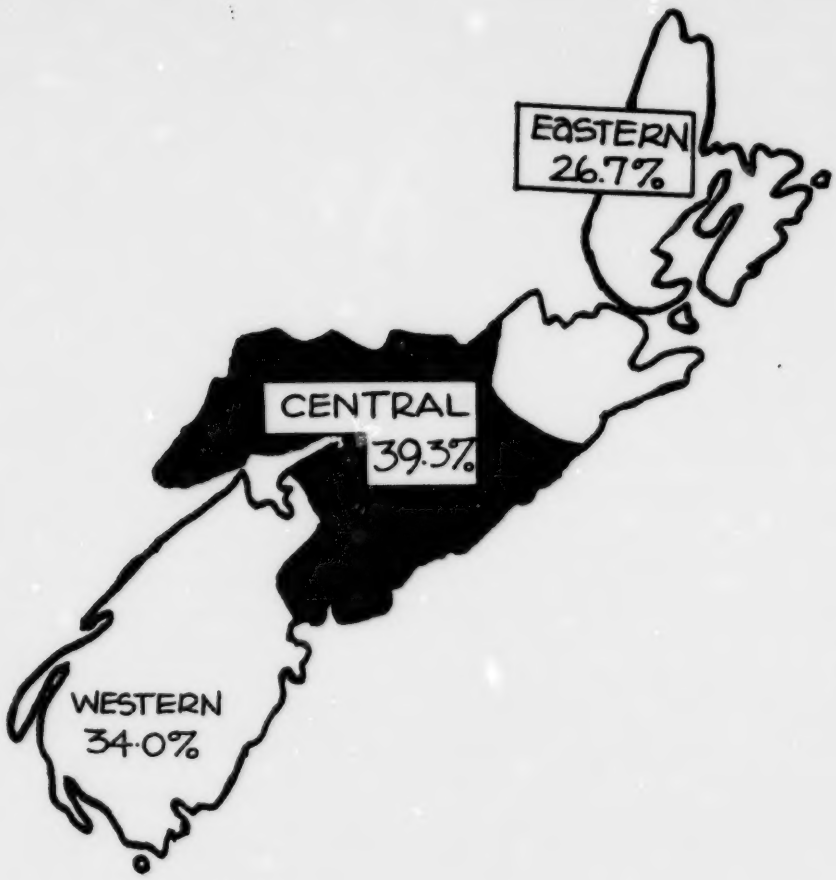
- You can compare your performance to that found by research - realizing that the research data was obtained under a special set of conditions.

In 1989, there were a total of 554 fluid milk producers in Nova Scotia. Basic data for this summary was prepared from 135 of these farms located throughout Nova Scotia. These 135 farms represent 24.4 percent of the total number of fluid milk farms in the province.

In terms of production, these farms included in the summary produced 51,752,925 litres of milk for sale. The total milk produced by fluid milk farmers in the province was 170,500,370 litres. Hence, in terms of production, farms included in this summary produced 30.4 percent of the milk produced by fluid milk farms in Nova Scotia.

Figure A-1 on page 2 provides information on the distribution of these one hundred and thirty-five (135) farms relative to their location in the province. A description of the counties contained in each region can be found following Figure A-1.

FIGURE A-1: DISTRIBUTION OF 135 DAIRY FARMS BY REGION WITHIN NOVA SCOTIA



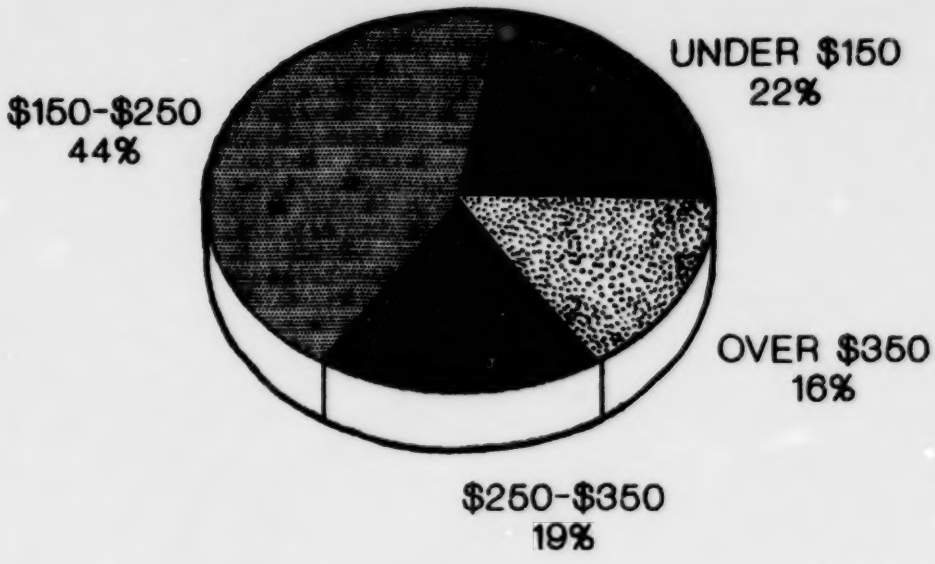
Central Region: Represents dairy farms from Colchester, Cumberland, East Hants, Halifax and Pictou Counties.

Eastern Region: Represents dairy farms from Antigonish, Cape Breton, Inverness and Victoria Counties.

Western Region: Represents dairy farms from Annapolis, Kings, Lunenburg, West Hants and Yarmouth Counties.

Figure A-2 on page 3 provides information on the distribution of these one hundred and thirty-five (135) dairy farms relative to the size of the business measured in terms of Gross Farm Income.

FIGURE A-2: DISTRIBUTION OF 120 DAIRY FARMS BY GROSS FARM INCOME ('000 DOLLARS)



The one hundred and thirty-five (135) dairy farms in the summary were classified into four (4) groups according to herd size. These groups were (1) 20-39 Cows; (2) 40-59 Cows; (3) 60-99 Cows; and (4) 100 plus Cows. The basic format for the presentation of the information in this summary is as follows for sections "B" through "F".

1. Receipts
2. Expenses
3. Income Summary
4. Net Cost of Production
5. Production Analysis
6. Balance Sheet
7. Balance Sheet Analysis
8. Labour Analysis
9. Analysis of Expenses
10. Receipts and Expenses Summary

Sections "G" through "I" provide additional information on the one hundred and thirty-five (135) dairy farms by reclassifying these farms on the basis of Net Farm Income, Production and Investment Levels per cow.

Section "J" provides a summary of various production and management factors found throughout this summary.

The Appendix contains comparison figures for the total group based on a per farm, per cow, per hectolitre, per hundredweight and percentage analysis basis. In addition, a Glossary of Terms used in the summary is provided.

Throughout the analysis, several assumptions were made and used that should be noted. These include:

(a) Tax depreciation was used in place of management depreciation. This may result in a slightly "higher than normal" depreciation figure in this summary.

(b) Operator labour value must be considered minimal. The value chosen was the 1988 figure plus 5 percent in all size groups.

(c) Investment figures used were farmers book values. These may or may not represent cost. They may or may not represent market value. Rather, some mixture of the two concepts may be more representative in many instances.

(d) Interest on equity was calculated using a 10 percent interest rate.

Given the above explanatory notes, the basic data was then prepared. Throughout the summary, per farm and per cow figures are presented.

Section B

Unit Size

20·39 cows

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $110,832. or $3,423. on a per cow basis. This amount accounted for 86.6 percent of Total Farm Receipts. Of this amount, fluid milk represented 74.3 percent, manufactured milk 22.4 percent and milk subsidy 3.3 percent.

Livestock sales averaged 7.0 percent of Total Farm Receipts, while Crop Sales were 0.5 percent and Miscellaneous Sales were 5.9 percent.

Total Farm Receipts averaged $127,943. per farm or $3,951. on a per cow basis.

TABLE B-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 82,356.	$ 2,543.
Manufactured Milk Sales	24,824.	767.
Milk Subsidy	3,651.	113.
Livestock Sales	8,913.	275.
Crop Sales	658.	20.
Miscellaneous Sales	7,540.	233.
TOTAL FARM RECEIPTS	$ 127,943.	$ 3,951.

EXPENSES

Total Cash Expenses for farms in this group averaged $95,307. per farm or $2,943. per cow. Purchased dairy feed was the largest expense item and accounted for 29.9 percent of this total.

Other major expenses were; interest at 14.9 percent, hired labour at 6.8 percent, crop expenses at 6.0 percent, tractor and machinery expense at 6.0 percent, and miscellaneous at 2.0 percent.

TABLE B-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 3,848.	$ 119.
Dairy Feed	28,480.	880.
Livestock Purchases	2,988.	92.
Vet & Drugs	2,109.	65.
Breeding	1,625.	50.
Dairy Supplies	3,172.	98.
Milk Marketing	3,680.	114.
Crop Expense	5,761.	178.
Building & Fence Repair	2,687.	83.
Utilities	3,145.	97.
Tractor & Machinery Expense	5,704.	176.
Truck & Auto	2,409.	74.
Interest	14,162.	437.
Hired Labour	6,489.	200.
Taxes & Insurance	3,290.	102.
Custom Work	2,861.	88.
Rentals & Leases	1,006.	31.
Miscellaneous	1,890.	58.
TOTAL CASH EXPENSES	$ 95,307.	$ 2,943.

INCOME SUMMARY

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $32,635. per farm or $1,008. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $16,522. per farm or $510. on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $5,566. per farm or $172. per cow.

TABLE B-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 127,943.	$ 3,951.
Total Cash Expenses	95,307.	2,943.
NET CASH INCOME	$ 32,635.	$ 1,008.
Plus: Inventory Change	$ -596.	$ -18.
Less: Depreciation	15,517.	479.
NET FARM INCOME	$ 16,522.	$ 510.
Less: Unpaid Family Labour	$ 2,400.	$ 74.
Interest on Equity @10%	8,557.	264.
LABOUR AND MANAGEMENT INCOME	$ 5,566.	$ 172.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $118,164. per farm or $3,649. per cow. On a per hectolitre of milk sold basis, this cost was $59.10. The return from the sale of milk averaged $55.43 leaving a net return over costs of $-3.67 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $52.65, leaving a Net Return of $2.78. This then would be the return to Operator Labour.

TABLE B-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 95,307.	$ 2,943.
Plus: Depreciation		15,517.	479.
Inventory Change		596.	18.
Interest on Equity @ 10%		8,557.	264.
Unpaid Family Labour		2,400.	74.
Operator Labour		12,898.	398.
Less: Sales (Excl. Milk)		17,111.	528.
NET COST OF PRODUCING MILK		$ 118,164.	$ 3,649.
Number of Cows	(#)	32	1
Total Litres of Milk Sold	(L)	199,953	6,175
Price Received per HL	($)	55.43	55.43
Cost of Producing Milk/HL	($)	59.10	59.10
NET RETURN PER HL	($)	-3.67	-3.67

PRODUCTION ANALYSIS

Total milk sales averaged 199,953 litres per farm. For farms in this group, 32 cows per farm was the average with milk sold per cow standing at 6,175 litres.

Fluid milk represented 69.4 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 74.3 percent of milk sales. Average blend price for all milk was $55.43 per hectolitre.

Purchased feed averaged $880. per cow or $14.24 per hectolitre of milk sold. These dollars represented 2,960 kilograms of feed per cow consumed.

TABLE B-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	32	1
Total Litres of Milk Sold	(L)	199,953	6,175
Value of Milk Sold	($)	110,832	3,423
Price Received per HL Milk	($)	55.43	55.43
Fluid Milk (L's as % of Total Milk)	(%)	69.4	69.4
Fluid Milk ($'s as % of Total Milk)	($)	74.3	74.3
Cost of Dairy Feed	($)	28,480	880
Feed Cost per HL Milk Sold	($)	14.24	14.24
Feed Cost as % of Total Cost	(%)	25.7	25.7
Feed Cost as % of Milk Sales	(%)	25.7	25.7
Kilograms of Feed/HL Milk	(Kgs)	47.93	47.93
Kilograms of Feed	(Kgs)	94,709	2,960
Pounds of Feed	(Lbs)	208,359	6,511

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owner's capital investment in the business.

For this group of farms, assets amounted to $242,931. per farm or $7,503. per cow. Liabilities averaged $157,359. per farm and $4,860. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $85,572. per farm or $2,643. per cow.

TABLE B-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 39,015.	$ 1,205.
" " - Buildings	39,534.	1,221.
" " - Machinery	45,149.	1,394.
" " - Livestock	43,534.	1,345.
" " - Crops & Supp	9,170.	283.
" " - Milk Quota	52,059.	1,608.
" " - Acct's Rec'able	305.	9.
" " - Co-op Dairy Inv.	14,166.	437.
TOTAL INVENTORY VALUE - ASSETS	$ 242,931.	$ 7,503.
LIABILITIES:		
Short Term	$ 6,785.	$ 210.
Intermediate Term	29,376.	907.
Long Term	121,199.	3,743.
TOTAL LIABILITIES	$ 157,359.	$ 4,860.
EQUITY OR NET WORTH	$ 85,572.	$ 2,643.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 35.22 percent. Farms received a return to equity capital of 1.43 percent and a return to capital of 6.33 percent.

Capital Turnover averaged 1.91 years.

Total Assets to Total Liabilities ratio was 1.54 - for every dollar of debt there were 1.54 of assets.

Net Income as a percent of Gross Farm Income averaged 12.97 percent for this group of farms.

TABLE B-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	35.22
Return on Equity	(%)	1.43
Return on Invested Capital	(%)	6.33
Capital Turnover	(Yrs)	1.91
Current Assets/Current Liabilities	($)	9.90
Total Assets/Total Liabilities	($)	1.54
Total Liabilities/Equity	($)	1.84
Net Income/Gross Income	(%)	12.97

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 1.76 man equivalents; composed of 1.32 operator and unpaid family labour and 0.44 hired man equivalents.

For each man equivalent, 18 cows were maintained with 113,715 litres of milk sold at a value of $63,031.

Labour Income per man equivalent averaged $6,039.

TABLE B-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	32
Operator & Family Man Equivalents	(#)	1.32
Hired Man Equivalents	(#)	.44
Total Man Equivalents	(#)	1.76
Cows per Man Equivalent	(#)	18
Milk Sold per Man Equilivent	(L)	113,715
Milk Sold per Man Equivalent	($)	63,031
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	6,039

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 25.7 percent of Total Expenses. Other major expenses were; depreciation at 14.0 percent, interest at 12.8 percent, hired labour at 5.9 percent, crop expenses at 5.2 percent, tractor and machinery at 5.1 percent and miscellaneous at 0.9 percent of Total Expenses.

TABLE B-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 119.	3.5%
Dairy Feed	880.	25.7
Livestock Purchased	92.	2.7
Vet & Drugs	65.	1.9
Breeding	50.	1.5
Dairy Supplies	98.	2.9
Milk Marketing	114.	3.3
Crop Expenses	178.	5.2
Building & Fence Repairs	83.	2.4
Utilities	97.	2.8
Tractor & Machinery Expenses	176.	5.1
Truck & Auto Expenses	74.	2.2
Interest	437.	12.8
Hired Labour	200.	5.9
Taxes & Insurance	102.	3.0
Custom Work	88.	2.6
Rentals & Leases	31.	0.9
Miscellaneous	58.	1.7
Depreciation	479.	14.0
TOTAL EXPENSES	$ 3,423.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE B-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,543.	$ 41.19	$ 18.14
Manufactured Milk	767.	12.42	5.47
Milk Subsidies	113.	1.83	0.80
Livestock Sales	275.	4.46	1.96
Crop Sales	20.	0.33	0.15
Miscellaneous Sales	233.	3.77	1.66
TOTAL CASH RECEIPTS	$ 3,951.	$ 63.99	$ 28.19
Adj. for Inventory Change	$ -18.	$ -0.30	$ -0.13
TOTAL FARM RECEIPTS	$ 3,933.	$ 63.69	$ 28.06
EXPENSES:			
Milk Hauling	$ 119.	$ 1.92	$ 0.85
Dairy Feed	880.	14.24	6.27
Livestock Purchases	92.	1.49	0.66
Vet & Drugs	65.	1.05	0.46
Breeding	50.	0.81	0.36
Dairy Supplies	98.	1.59	0.70
Milk Marketing	114.	1.84	0.81
Crop Expenses	178.	2.88	1.27
Building & Fence Repair	83.	1.34	0.59
Utilities	97.	1.57	0.69
Tractor & Machinery Repair	176.	2.85	1.26
Truck & Auto Expense	74.	1.20	0.53
Interest	437.	7.08	3.12
Hired Labour	200.	3.25	1.43
Taxes & Insurance	102.	1.65	0.72
Custom Work	88.	1.43	0.63
Rentals & Leases	31.	0.50	0.22
Miscellaneous	58.	0.95	0.42
TOTAL CASH EXPENSES	$ 2,943.	$ 47.66	$ 21.00
Building Depreciation	$ 105.	$ 1.70	$ 0.75
Machinery Depreciation	374.	6.06	2.67
TOTAL DEPRECIATION	$ 479.	$ 7.76	$ 3.42
TOTAL FARM EXPENSES	$ 3,423.	$ 55.43	$ 24.42
NET FARM INCOME	$ 510.	$ 8.26	$ 3.64

Section C

Unit Size

40·59 cows

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $168,586. or $3,468. on a per cow basis. This amount accounted for 85.8 percent of Total Farm Receipts. Of this amount, fluid milk represented 71.3 percent, manufactured milk 25.2 percent and milk subsidy 3.5 percent.

Livestock sales averaged 7.3 percent of Total Farm Receipts, while Crop Sales were 1.3 percent and Miscellaneous Sales were 5.6 percent.

Total Farm Receipts averaged $196,507. per farm or $4,042. on a per cow basis.

TABLE C-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 120,274.	$ 2,474.
Manufactured Milk Sales	42,441.	873.
Milk Subsidy	5,871.	121.
Livestock Sales	14,312.	294.
Crop Sales	2,636.	54.
Miscellaneous Sales	10,973.	226.
TOTAL FARM RECEIPTS	$ 196,507.	$ 4,042.

EXPENSES

Total Cash Expenses for farms in this group averaged $149,979. per farm or $3,085. per cow. Purchased dairy feed was the largest expense item and accounted for 26.6 percent of this total.

Other major expenses were; interest at 13.3 percent, hired labour at 11.0 percent, crop expenses at 6.9 percent, tractor and machinery expense at 6.7 percent, and miscellaneous at 2.8 percent.

TABLE C-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 6,276.	$ 129.
Dairy Feed	39,902.	821.
Livestock Purchases	3,557.	73.
Vet & Drugs	2,774.	57.
Breeding	2,834.	58.
Dairy Supplies	5,250.	108.
Milk Marketing	5,543.	114.
Crop Expense	10,352.	213.
Building & Fence Repair	4,704.	97.
Utilities	4,355.	90.
Tractor & Machinery Expense	10,114.	208.
Truck & Auto	3,343.	69.
Interest	19,967.	411.
Hired Labour	16,553.	340.
Taxes & Insurance	3,936.	81.
Custom Work	4,491.	92.
Rentals & Leases	1,755.	36.
Miscellaneous	4,273.	88.
TOTAL CASH EXPENSES	$ 149,979.	$ 3,085.

INCOME SUMMARY

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $46,528. per farm or $958. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $26,378. per farm or $543. on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $11,205. per farm or $230. per cow.

TABLE C-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 196,507.	$ 4,042.
Total Cash Expenses	149,979.	3,085.
NET CASH INCOME	$ 46,528.	$ 958.
Plus: Inventory Change	$ 1,571.	$ 32.
Less: Depreciation	21,723.	447.
NET FARM INCOME	$ 26,378.	$ 543.
Less: Unpaid Family Labour	$ 2,975.	$ 61.
Interest on Equity @10%	12,198.	251.
LABOUR AND MANAGEMENT INCOME	$ 11,205.	$ 230.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $174,040. per farm or $3,580. per cow. On a per hectolitre of milk sold basis, this cost was $56.75. The return from the sale of milk averaged $54.97 leaving a net return over costs of $-1.78 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $51.32, leaving a Net Return of $3.65. This then would be the return to Operator Labour.

TABLE C-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 149,979.	$ 3,085.
Plus: Depreciation		21,723.	447.
Inventory Change		-1,571.	-32.
Interest on Equity @ 10%		12,198.	251.
Unpaid Family Labour		2,975.	61.
Operator Labour		16,659.	343.
Less: Sales (Excl. Milk)		27,922.	574.
NET COST OF PRODUCING MILK		$ 174,040.	$ 3,580.
Number of Cows	(#)	49	1
Total Litres of Milk Sold	(L)	306,694	6,309
Price Received per HL	($)	54.97	54.97
Cost of Producing Milk/HL	($)	56.75	56.75
NET RETURN PER HL	($)	-1.78	-1.78

PRODUCTION ANALYSIS

Total milk sales averaged 306,694 litres per farm. For farms in this group, 49 cows per farm was the average with milk sold per cow standing at 6,309 litres.

Fluid milk represented 66.2 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 71.3 percent of milk sales. Average blend price for all milk was $54.97 per hectolitre.

Purchased feed averaged $821. per cow or $13.01 per hectolitre of milk sold. These dollars represented 2,831 kilograms of feed per cow consumed.

TABLE C-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	49	1
Total Litres of Milk Sold	(L)	306,694	6,309
Value of Milk Sold	($)	168,586	3,468
Price Received per HL Milk	($)	54.97	54.97
Fluid Milk (L's as % of Total Milk)	(%)	66.2	66.2
Fluid Milk ($'s as % of Total Milk)	($)	71.3	71.3
Cost of Dairy Feed	($)	39,902	821
Feed Cost per HL Milk Sold	($)	13.01	13.01
Feed Cost as % of Total Cost	(%)	23.2	23.2
Feed Cost as % of Milk Sales	(%)	23.7	23.7
Kilograms of Feed/HL Milk	(Kgs)	44.88	44.88
Kilograms of Feed	(Kgs)	135,908	2,831
Pounds of Feed	(Lbs)	298,997	6,229

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owner's capital investment in the business.

For this group of farms, assets amounted to $350,281. per farm or $7,205. per cow. Liabilities averaged $228,305. per farm and $4,696. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $121,976. per farm or $2,509. per cow.

TABLE C-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 50,747.	$ 1,044.
" " - Buildings	61,656.	1,268.
" " - Machinery	66,763.	1,373.
" " - Livestock	72,814.	1,498.
" " - Crops & Supp	7,474.	359.
" " - Milk Quota	49,058.	1,009.
" " - Acct's Rec'able	1,919.	39.
" " - Co-op Dairy Inv.	29,851.	614.
TOTAL INVENTORY VALUE - ASSETS	$ 350,281.	$ 7,205.
LIABILITIES:		
Short Term	$ 22,460.	$ 462.
Intermediate Term	40,159.	826.
Long Term	165,686.	3,408.
TOTAL LIABILITIES	$ 228,305.	$ 4,696.
EQUITY OR NET WORTH	$ 121,976.	$ 2,509.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 34.82 percent. Farms received a return to equity capital of 5.53 percent and a return to capital of 7.63 percent.

Capital Turnover averaged 1.77 years.

Total Assets to Total Liabilities ratio was 1.53 - for every dollar of debt there were 1.53 of assets.

Net Income as a percent of Gross Farm Income averaged 13.32 percent for this group of farms.

TABLE C-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	34.82
Return on Equity	(%)	5.53
Return on Invested Capital	(%)	7.63
Capital Turnover	(Yrs)	1.77
Current Assets/Current Liabilities	($)	5.43
Total Assets/Total Liabilities	($)	1.53
Total Liabilities/Equity	($)	1.87
Net Income/Gross Income	(%)	13.32

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 2.33 man equivalents; composed of 1.44 operator and unpaid family labour and 0.90 hired man equivalents.

For each man equivalent, 21 cows were maintained with 131,474 litres of milk sold at a value of $72,269.

Labour Income per man equivalent averaged $9,870.

TABLE C-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	49
Operator & Family Man Equivalents	(#)	1.44
Hired Man Equivalents	(#)	.90
Total Man Equivalents	(#)	2.33
Cows per Man Equivalent	(#)	21
Milk Sold per Man Equilivent	(L)	131,474
Milk Sold per Man Equivalent	($)	72,269
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	9,870

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 23.2 percent of Total Expenses. Other major expenses were; depreciation at 12.7 percent, interest at 11.6 percent, hired labour at 9.6 percent, crop expenses at 6.0 percent, tractor and machinery at 5.9 percent and miscellaneous at 1.0 percent of Total Expenses.

TABLE C-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 129.	3.7%
Dairy Feed	821.	23.2
Livestock Purchased	73.	2.1
Vet & Drugs	57.	1.6
Breeding	58.	1.7
Dairy Supplies	108.	3.1
Milk Marketing	114.	3.2
Crop Expenses	213.	6.0
Building & Fence Repairs	97.	2.7
Utilities	90.	2.5
Tractor & Machinery Expenses	208.	5.9
Truck & Auto Expenses	69.	1.9
Interest	411.	11.6
Hired Labour	340.	9.6
Taxes & Insurance	81.	2.3
Custom Work	92.	2.6
Rentals & Leases	36.	1.0
Miscellaneous	88.	2.5
Depreciation	447.	12.7
TOTAL EXPENSES	$ 3,532.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE C-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,474.	$ 39.22	$ 17.28
Manufactured Milk	873.	13.84	6.10
Milk Subsidies	121.	1.91	0.84
Livestock Sales	294.	4.67	2.06
Crop Sales	54.	0.86	0.38
Miscellaneous Sales	226.	3.58	1.58
TOTAL CASH RECEIPTS	$ 4,042.	$ 64.07	$ 28.23
Adj. for Inventory Change	$ 32.	$ 0.51	$ 0.23
TOTAL FARM RECEIPTS	$ 4,074.	$ 64.59	$ 28.45
EXPENSES:			
Milk Hauling	$ 129.	$ 2.05	$ 0.90
Dairy Feed	821.	13.01	5.73
Livestock Purchases	73.	1.16	0.51
Vet & Drugs	57.	0.90	0.40
Breeding	58.	0.92	0.41
Dairy Supplies	108.	1.71	0.75
Milk Marketing	114.	1.81	0.80
Crop Expenses	213.	3.38	1.49
Building & Fence Repair	97.	1.53	0.68
Utilities	90.	1.42	0.63
Tractor & Machinery Repair	208.	3.30	1.45
Truck & Auto Expense	69.	1.09	0.48
Interest	411.	6.51	2.87
Hired Labour	340.	5.40	2.38
Taxes & Insurance	81.	1.28	0.57
Custom Work	92.	1.46	0.65
Rentals & Leases	36.	0.57	0.25
Miscellaneous	88.	1.39	0.61
TOTAL CASH EXPENSES	$ 3,085.	$ 48.90	$ 21.54
Building Depreciation	$ 97.	$ 1.54	$ 0.68
Machinery Depreciation	350.	5.54	2.44
TOTAL DEPRECIATION	$ 447.	$ 7.08	$ 3.12
TOTAL FARM EXPENSES	$ 3,532.	$ 55.98	$ 24.66
NET FARM INCOME	$ 543.	$ 8.60	$ 3.79

Section D

Unit Size

60·99 cows

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $249,881. or $3,354. on a per cow basis. This amount accounted for 87.8 percent of Total Farm Receipts. Of this amount, fluid milk represented 74.2 percent, manufactured milk 22.6 percent and milk subsidy 3.2 percent.

Livestock sales averaged 7.0 percent of Total Farm Receipts, while Crop Sales were 1.0 percent and Miscellaneous Sales were 4.2 percent.

Total Farm Receipts averaged $284,441. per farm or $3,817. on a per cow basis.

TABLE D-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 185,398.	$ 2,488.
Manufactured Milk Sales	56,516.	758.
Milk Subsidy	7,967.	107.
Livestock Sales	19,794.	266.
Crop Sales	2,791.	37.
Miscellaneous Sales	11,975.	161.
TOTAL FARM RECEIPTS	$ 284,441.	$ 3,817.

EXPENSES

Total Cash Expenses for farms in this group averaged $217,253. per farm or $2,916. per cow. Purchased dairy feed was the largest expense item and accounted for 27.8 percent of this total.

Other major expenses were; interest at 12.5 percent, hired labour at 11.3 percent, crop expenses at 6.9 percent, tractor and machinery expense at 6.4 percent, and miscellaneous at 2.6 percent.

TABLE D-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 8,840.	$ 119.
Dairy Feed	60,479.	812.
Livestock Purchases	7,770.	104.
Vet & Drugs	3,862.	52.
Breeding	4,130.	55.
Dairy Supplies	7,751.	104.
Milk Marketing	7,539.	101.
Crop Expense	14,885.	200.
Building & Fence Repair	6,737.	90.
Utilities	5,795.	78.
Tractor & Machinery Expense	13,799.	185.
Truck & Auto	3,731.	50.
Interest	27,112.	364.
Hired Labour	24,462.	328.
Taxes & Insurance	6,121.	82.
Custom Work	6,573.	88.
Rentals & Leases	2,116.	28.
Miscellaneous	5,553.	75.
TOTAL CASH EXPENSES	$ 217,253.	$ 2,916.

INCOME SUMMARY

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $67,188. per farm or $902. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $36,349. per farm or $488. on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $8,777. per farm or $118. per cow.

TABLE D-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 284,441.	$ 3,817.
Total Cash Expenses	217,253.	2,916.
NET CASH INCOME	$ 67,188.	$ 902.
Plus: Inventory Change	$ 4,107.	$ 55.
Less: Depreciation	34,946.	469.
NET FARM INCOME	$ 36,349.	$ 488.
Less: Unpaid Family Labour	$ 3,890.	$ 52.
Interest on Equity @10%	23,682.	318.
LABOUR AND MANAGEMENT INCOME	$ 8,777.	$ 118.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $262,330. per farm or $3,521. per cow. On a per hectolitre of milk sold basis, this cost was $58.15. The return from the sale of milk averaged $55.39 leaving a net return over costs of $-2.76 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $53.44, leaving a Net Return of $1.95. This then would be the return to Operator Labour.

TABLE D-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 217,253.	$ 2,916.
Plus: Depreciation		34,946.	469.
Inventory Change		-4,107.	-55.
Interest on Equity @ 10%		23,682.	318.
Unpaid Family Labour		3,890.	52.
Operator Labour		21,227.	285.
Less: Sales (Excl. Milk)		34,560.	464.
NET COST OF PRODUCING MILK		$ 262,330.	$ 3,521.
Number of Cows	(#)	75	1
Total Litres of Milk Sold	(L)	451,141	6,055
Price Received per HL	($)	55.39	55.39
Cost of Producing Milk/HL	($)	58.15	58.15
NET RETURN PER HL	($)	-2.76	-2.76

PRODUCTION ANALYSIS

Total milk sales averaged 451,141 litres per farm. For farms in this group, 75 cows per farm was the average with milk sold per cow standing at 6,055 litres.

Fluid milk represented 69.4 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 74.2 percent of milk sales. Average blend price for all milk was $55.39 per hectolitre.

Purchased feed averaged $812. per cow or $13.41 per hectolitre of milk sold. These dollars represented 2,734 kilograms of feed per cow consumed.

TABLE D-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	75	1
Total Litres of Milk Sold	(L)	451,141	6,055
Value of Milk Sold	($)	249,881	3,354
Price Received per HL Milk	($)	55.39	55.39
Fluid Milk (L's as % of Total Milk)	(%)	69.4	69.4
Fluid Milk ($'s as % of Total Milk)	($)	74.2	74.2
Cost of Dairy Feed	($)	60,479	812
Feed Cost per HL Milk Sold	($)	13.41	13.41
Feed Cost as % of Total Cost	(%)	24.0	24.0
Feed Cost as % of Milk Sales	(%)	24.2	24.2
Kilograms of Feed/HL Milk	(Kgs)	45.15	45.15
Kilograms of Feed	(Kgs)	202,298	2,734
Pounds of Feed	(Lbs)	445,056	6,014

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owner's capital investment in the business.

For this group of farms, assets amounted to $526,915. per farm or $7,072. per cow. Liabilities averaged $290,093. per farm and $3,893. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $236,821. per farm or $3,178. per cow.

TABLE D-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 66,419.	$ 891.
" " - Buildings	85,159.	1,143.
" " - Machinery	100,330.	1,346.
" " - Livestock	108,805.	1,460.
" " - Crops & Supp	25,037.	336.
" " - Milk Quota	104,077.	1,397.
" " - Acct's Rec'able	1,188.	16.
" " - Co-op Dairy Inv.	35,900.	482.
TOTAL INVENTORY VALUE - ASSETS	$ 526,915.	$ 7,072.
LIABILITIES:		
Short Term	$ 20,734.	$ 278.
Intermediate Term	67,076.	900.
Long Term	202,284.	2,715.
TOTAL LIABILITIES	$ 290,093.	$ 3,893.
EQUITY OR NET WORTH	$ 236,821.	$ 3,178.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 44.94 percent. Farms received a return to equity capital of 4.74 percent and a return to capital of 7.28 percent.

Capital Turnover averaged 1.83 years.

Total Assets to Total Liabilities ratio was 1.82 - for every dollar of debt there were 1.82 of assets.

Net Income as a percent of Gross Farm Income averaged 12.60 percent for this group of farms.

TABLE D-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	44.94
Return on Equity	(%)	4.74
Return on Invested Capital	(%)	7.28
Capital Turnover	(Yrs)	1.83
Current Assets/Current Liabilities	($)	8.24
Total Assets/Total Liabilities	($)	1.82
Total Liabilities/Equity	($)	1.22
Net Income/Gross Income	(%)	12.60

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 2.92 man equivalents; composed of 1.62 operator and unpaid family labour and 1.30 hired man equivalents.

For each man equivalent, 26 cows were maintained with 154,542 litres of milk sold at a value of $85,599.

Labour Income per man equivalent averaged $7,821.

TABLE D-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	75
Operator & Family Man Equivalents	(#)	1.62
Hired Man Equivalents	(#)	1.30
Total Man Equivalents	(#)	2.92
Cows per Man Equivalent	(#)	26
Milk Sold per Man Equilivent	(L)	154,542
Milk Sold per Man Equivalent	($)	85,599
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	7,821

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 24.0 percent of Total Expenses. Other major expenses were; depreciation at 13.9 percent, interest at 10.8 percent, hired labour at 9.7 percent, crop expenses at 5.9 percent, tractor and machinery at 5.5 percent and miscellaneous at 0.8 percent of Total Expenses.

TABLE D-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 119.	3.5%
Dairy Feed	812.	24.0
Livestock Purchased	104.	3.1
Vet & Drugs	52.	1.5
Breeding	55.	1.6
Dairy Supplies	104.	3.1
Milk Marketing	101.	3.0
Crop Expenses	200.	5.9
Building & Fence Repairs	90.	2.7
Utilities	78.	2.3
Tractor & Machinery Expenses	185.	5.5
Truck & Auto Expenses	50.	1.5
Interest	364.	10.8
Hired Labour	328.	9.7
Taxes & Insurance	82.	2.4
Custom Work	88.	2.6
Rentals & Leases	28.	.8
Miscellaneous	75.	2.2
Depreciation	469.	13.9
TOTAL EXPENSES	$ 3,385.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE D-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,488.	$ 41.10	$ 18.10
Manufactured Milk	758.	12.53	5.52
Milk Subsidies	107.	1.77	0.78
Livestock Sales	266.	4.39	1.93
Crop Sales	37.	0.62	0.27
Miscellaneous Sales	161.	2.65	1.17
TOTAL CASH RECEIPTS	$ 3,817.	$ 63.05	$ 27.78
Adj. for Inventory Change	$ 55.	$ 0.91	$ 0.40
TOTAL FARM RECEIPTS	$ 3,872.	$ 63.96	$ 28.18
EXPENSES:			
Milk Hauling	$ 119.	$ 1.96	$ 0.86
Dairy Feed	812.	13.41	5.91
Livestock Purchases	104.	1.72	0.76
Vet & Drugs	52.	0.86	0.38
Breeding	55.	0.92	0.40
Dairy Supplies	104.	1.72	0.76
Milk Marketing	101.	1.67	0.74
Crop Expenses	200.	3.30	1.45
Building & Fence Repair	90.	1.49	0.66
Utilities	78.	1.28	0.57
Tractor & Machinery Repair	185.	3.06	1.35
Truck & Auto Expense	50.	0.83	0.36
Interest	364.	6.01	2.65
Hired Labour	328.	5.42	2.39
Taxes & Insurance	82.	1.36	0.60
Custom Work	88.	1.46	0.64
Rentals & Leases	28.	0.47	0.21
Miscellaneous	75.	1.23	0.54
TOTAL CASH EXPENSES	$ 2,916.	$ 48.16	$ 21.21
Building Depreciation	$ 107.	$ 1.76	$ 0.77
Machinery Depreciation	362.	5.99	2.64
TOTAL DEPRECIATION	$ 469.	$ 7.75	$ 3.41
TOTAL FARM EXPENSES	$ 3,385.	$ 55.90	$ 24.63
NET FARM INCOME	$ 488.	$ 8.06	$ 3.55

Section E

Unit Size

100+ cows

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $485,341. or $3,474. on a per cow basis. This amount accounted for 87.4 percent of Total Farm Receipts. Of this amount, fluid milk represented 67.8 percent, manufactured milk 28.3 percent and milk subsidy 4.0 percent.

Livestock sales averaged 7.3 percent of Total Farm Receipts, while Crop Sales were 0.7 percent and Miscellaneous Sales were 4.5 percent.

Total Farm Receipts averaged $555,019. per farm or $3,973. on a per cow basis.

TABLE E-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 328,842.	$ 2,354.
Manufactured Milk Sales	137,259.	983.
Milk Subsidy	19,240.	138.
Livestock Sales	40,372.	289.
Crop Sales	4,099.	29.
Miscellaneous Sales	25,207.	180.
TOTAL FARM RECEIPTS	$ 555,019.	$ 3,973.

EXPENSES

Total Cash Expenses for farms in this group averaged $388,795. per farm or $2,783. per cow. Purchased dairy feed was the largest expense item and accounted for 30.5 percent of this total.

Other major expenses were; hired labour at 14.2 percent, crop expenses at 7.9 percent, tractor and machinery expense at 7.9 percent, interest at 6.2 percent and miscellaneous at 3.2 percent.

TABLE E-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 17,290.	$ 124.
Dairy Feed	118,575.	849.
Livestock Purchases	3,874.	28.
Vet & Drugs	6,450.	46.
Breeding	6,556.	47.
Dairy Supplies	9,710.	70.
Milk Marketing	15,162.	109.
Crop Expense	30,597.	219.
Building & Fence Repair	12,564.	90.
Utilities	10,830.	78.
Tractor & Machinery Expense	30,536.	219.
Truck & Auto	5,536.	40.
Interest	24,226.	173.
Hired Labour	55,190.	395.
Taxes & Insurance	10,049.	72.
Custom Work	10,888.	78.
Rentals & Leases	8,497.	61.
Miscellaneous	12,265.	88.
TOTAL CASH EXPENSES	$ 388,795.	$ 2,783.

INCOME SUMMARY

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $166,224. per farm or $1,190. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $105,328. per farm or $754. on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $45,769. per farm or $328. per cow.

TABLE E-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 555,019.	$ 3,973.
Total Cash Expenses	388,795.	2,783.
NET CASH INCOME	$ 166,224.	$ 1,190.
Plus: Inventory Change	$ 472.	$ 3.
Less: Depreciation	61,368.	439.
NET FARM INCOME	$ 105,328.	$ 754.
Less: Unpaid Family Labour	$ 3,658.	$ 26.
Interest on Equity @10%	55,902.	400.
LABOUR AND MANAGEMENT INCOME	$ 45,769.	$ 328.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $474,644. per farm or $3,398. per cow. On a per hectolitre of milk sold basis, this cost was $53.61. The return from the sale of milk averaged $54.82 leaving a net return over costs of $1.21 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $49.65, leaving a Net Return of $5.17. This then would be the return to Operator Labour.

TABLE E-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 388,795.	$ 2,783.
Plus: Depreciation		61,368.	439.
Inventory Change		-472.	-3.
Interest on Equity @ 10%		55,902.	400.
Unpaid Family Labour		3,658.	26.
Operator Labour		35,071.	251.
Less: Sales (Excl. Milk)		69,678.	499.
NET COST OF PRODUCING MILK		$ 474,644.	$ 3,398.
Number of Cows	(#)	140	1
Total Litres of Milk Sold	(L)	885,341	6,338
Price Received per HL	($)	54.82	54.82
Cost of Producing Milk/HL	($)	53.61	53.61
NET RETURN PER HL	($)	1.21	1.21

PRODUCTION ANALYSIS

Total milk sales averaged 885,341 litres per farm. For farms in this group, 140 cows per farm was the average with milk sold per cow standing at 6,338 litres.

Fluid milk represented 62.3 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 67.8 percent of milk sales. Average blend price for all milk was $54.82 per hectolitre.

Purchased feed averaged $849. per cow or $13.39 per hectolitre of milk sold. These dollars represented 3,221 kilograms of feed per cow consumed.

TABLE E-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	140	1
Total Litres of Milk Sold	(L)	885,341	6,338
Value of Milk Sold	($)	485,341	3,474
Price Received per HL Milk	($)	54.82	54.82
Fluid Milk (L's as % of Total Milk)	(%)	62.3	62.3
Fluid Milk ($'s as % of Total Milk)	($)	67.8	67.8
Cost of Dairy Feed	($)	118,575	849
Feed Cost per HL Milk Sold	($)	13.39	13.39
Feed Cost as % of Total Cost	(%)	26.3	26.3
Feed Cost as % of Milk Sales	(%)	24.4	24.4
Kilograms of Feed/HL Milk	(Kgs)	50.82	50.82
Kilograms of Feed	(Kgs)	447,717	3,221
Pounds of Feed	(Lbs)	984,978	7,086

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owner's capital investment in the business.

For this group of farms, assets amounted to $829,189. per farm or $5,936. per cow. Liabilities averaged $270,170. per farm and $1,934. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $559,019. per farm or $4,002. per cow.

TABLE E-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 93,035.	$ 666.
" " - Buildings	144,151.	1,032.
" " - Machinery	173,716.	1,244.
" " - Livestock	197,725.	1,415.
" " - Crops & Supp	49,507.	354.
" " - Milk Quota	67,250.	481.
" " - Acct's Rec'able	8,583.	61.
" " - Co-op Dairy Inv.	95,222.	682.
TOTAL INVENTORY VALUE - ASSETS	$ 829,189.	$ 5,936.
LIABILITIES:		
Short Term	$ 22,688.	$ 162.
Intermediate Term	88,153.	631.
Long Term	159,329.	1,141.
TOTAL LIABILITIES	$ 270,170.	$ 1,934.
EQUITY OR NET WORTH	$ 559,019.	$ 4,002.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 67.42 percent. Farms received a return to equity capital of 11.91 percent and a return to capital of 10.95 percent.

Capital Turnover averaged 1.49 years.

Total Assets to Total Liabilities ratio was 3.07 - for every dollar of debt there were 3.07 of assets.

Net Income as a percent of Gross Farm Income averaged 18.96 percent for this group of farms.

TABLE E-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	67.42
Return on Equity	(%)	11.91
Return on Invested Capital	(%)	10.95
Capital Turnover	(Yrs)	1.49
Current Assets/Current Liabilities	($)	15.47
Total Assets/Total Liabilities	($)	3.07
Total Liabilities/Equity	($)	.48
Net Income/Gross Income	(%)	18.96

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 4.76 man equivalents; composed of 2.16 operator and unpaid family labour and 2.60 hired man equivalents.

For each man equivalent, 29 cows were maintained with 185,996 litres of milk sold at a value of $101,962.

Labour Income per man equivalent averaged $22,866.

TABLE E-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	140
Operator & Family Man Equivalents	(#)	2.16
Hired Man Equivalents	(#)	2.60
Total Man Equivalents	(#)	4.76
Cows per Man Equivalent	(#)	29
Milk Sold per Man Equilivent	(L)	185,996
Milk Sold per Man Equivalent	($)	101,962
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	22,866

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 26.3 percent of Total Expenses. Other major expenses were; depreciation at 13.6 percent, hired labour at 12.3 percent, crop expenses at 6.8 percent, tractor and machinery at 6.8 percent, interest at 5.4 percent and miscellaneous at 1.9 percent of Total Expenses.

TABLE E-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 124.	3.8%
Dairy Feed	849.	26.3
Livestock Purchased	28.	.9
Vet & Drugs	46.	1.4
Breeding	47.	1.5
Dairy Supplies	70.	2.2
Milk Marketing	109.	3.4
Crop Expenses	219.	6.8
Building & Fence Repairs	90.	2.8
Utilities	78.	2.4
Tractor & Machinery Expenses	219.	6.8
Truck & Auto Expenses	40.	1.2
Interest	173.	5.4
Hired Labour	395.	12.3
Taxes & Insurance	72.	2.2
Custom Work	78.	2.4
Rentals & Leases	61.	1.9
Miscellaneous	88.	2.7
Depreciation	439.	13.6
TOTAL EXPENSES	$ 3,223.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE E-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,354.	$ 37.14	$ 16.36
Manufactured Milk	983.	15.50	6.83
Milk Subsidies	138.	2.17	0.96
Livestock Sales	289.	4.56	2.01
Crop Sales	29.	0.46	0.20
Miscellaneous Sales	180.	2.85	1.25
TOTAL CASH RECEIPTS	$ 3,973.	$ 62.69	$ 27.62
Adj. for Inventory Change	$ 3.	$ 0.05	$ 0.02
TOTAL FARM RECEIPTS	$ 3,977.	$ 62.74	$ 27.64
EXPENSES:			
Milk Hauling	$ 124.	$ 1.95	$ 0.86
Dairy Feed	849.	13.39	5.90
Livestock Purchases	28.	0.44	0.19
Vet & Drugs	46.	0.73	0.32
Breeding	47.	0.74	0.33
Dairy Supplies	70.	1.10	0.48
Milk Marketing	109.	1.71	0.75
Crop Expenses	219.	3.46	1.52
Building & Fence Repair	90.	1.42	0.63
Utilities	78.	1.22	0.54
Tractor & Machinery Repair	219.	3.45	1.52
Truck & Auto Expense	40.	0.63	0.28
Interest	173.	2.74	1.21
Hired Labour	395.	6.23	2.75
Taxes & Insurance	72.	1.14	0.50
Custom Work	78.	1.23	0.54
Rentals & Leases	61.	0.96	0.42
Miscellaneous	88.	1.39	0.61
TOTAL CASH EXPENSES	$ 2,783.	$ 43.91	$ 19.35
Building Depreciation	$ 90.	$ 1.42	$ 0.62
Machinery Depreciation	349.	5.51	2.43
TOTAL DEPRECIATION	$ 439.	$ 6.93	$ 3.05
TOTAL FARM EXPENSES	$ 3,223.	$ 50.85	$ 22.40
NET FARM INCOME	$ 754.	$ 11.90	$ 5.24

Section F

Analysis of

All Farms

RECEIPTS

Farms in this size range had receipts from milk and milk subsidy of $211,371. or $3,422. on a per cow basis. This amount accounted for 87.0 percent of Total Farm Receipts. Of this amount, fluid milk represented 71.9 percent, manufactured milk 24.6 percent and milk subsidy 3.5 percent.

Livestock sales averaged 7.1 percent of Total Farm Receipts, while Crop Sales were 1.0 percent and Miscellaneous Sales were 4.9 percent.

Total Farm Receipts averaged $243,008. per farm or $3,935. on a per cow basis.

TABLE F-1: RECEIPTS

ITEM	PER FARM	PER COW
Fluid Milk Sales	$ 151,992.	$ 2,461.
Manufactured Milk Sales	52,062.	843.
Milk Subsidy	7,318.	118.
Livestock Sales	17,327.	281.
Crop Sales	2,399.	39.
Miscellaneous Sales	11,911.	193.
TOTAL FARM RECEIPTS	$ 243,008.	$ 3,935.

EXPENSES

Total Cash Expenses for farms in this group averaged $181,663. per farm or $2,941. per cow. Purchased dairy feed was the largest expense item and accounted for 28.2 percent of this total.

Other major expenses were; interest at 11.7 percent, hired labour at 11.3 percent, crop expenses at 7.0 percent, tractor and machinery expense at 6.7 percent, and miscellaneous at 2.7 percent.

TABLE F-2: EXPENSES

ITEM	PER FARM	PER COW
Milk Hauling	$ 7,594.	$ 123.
Dairy Feed	51,274.	830.
Livestock Purchases	4,745.	77.
Vet & Drugs	3,315.	54.
Breeding	3,326.	54.
Dairy Supplies	5,992.	97.
Milk Marketing	6,675.	108.
Crop Expense	12,692.	205.
Building & Fence Repair	5,645.	91.
Utilities	5,156.	83.
Tractor & Machinery Expense	12,252.	198.
Truck & Auto	3,471.	56.
Interest	21,300.	345.
Hired Labour	20,514.	332.
Taxes & Insurance	5,049.	82.
Custom Work	5,389.	87.
Rentals & Leases	2,353.	38.
Miscellaneous	4,919.	80.
TOTAL CASH EXPENSES	$ 181,663.	$ 2,941.

INCOME SUMMARY

When analyzing a farm business, a number of different measures of income are often used to assess the financial strength of the business. Three (3) of these measures are:

NET CASH INCOME is the difference between Total Farm Receipts and Total Cash Expenses. For this group of farms, Net Cash Income was $61,344. per farm or $994. per cow.

NET FARM INCOME adjusts Net Cash Income for Inventory Change and Depreciation. Net Farm Income represents the return to the operator for his labour, management and capital. For this group, Net Farm Income was $34,892. per farm or $565. on a per cow basis.

LABOUR AND MANAGEMENT INCOME represents the amount of income left for the operator for his labour and management skills. For this group, Labour and Management Income was $12,585. per farm or $204. per cow.

TABLE F-3: INCOME SUMMARY

ITEM	PER FARM	PER COW
Total Farm Receipts	$ 243,008.	$ 3,935.
Total Cash Expenses	181,663.	2,941.
NET CASH INCOME	$ 61,344.	$ 994.
Plus: Inventory Change	$ 1,770.	$ 29.
Less: Depreciation	28,223.	457.
NET FARM INCOME	$ 34,892.	$ 565.
Less: Unpaid Family Labour	$ 3,195.	$ 52.
Interest on Equity @10%	19,112.	309.
LABOUR AND MANAGEMENT INCOME	$ 12,585.	$ 204.

NET COST OF PRODUCTION

The Net Cost of Producing Milk for this group of farms was $217,425. per farm or $3,520. per cow. On a per hectolitre of milk sold basis, this cost was $56.72. The return from the sale of milk averaged $55.14 leaving a net return over costs of $-1.58 per hectolitre.

Note that all costs, including a value for Operator Labour have been included in this calculation. If Operator Labour was excluded, the Net Cost would have been $51.85, leaving a Net Return of $3.28. This then would be the return to Operator Labour.

TABLE F-4: NET COST OF PRODUCTION

ITEM		PER FARM	PER COW
Total Cash Expenses		$ 181,663.	$ 2,941.
Plus: Depreciation		28,223.	457.
Inventory Change		-1,770.	-29.
Interest on Equity @ 10%		19,112.	309.
Unpaid Family Labour		3,195.	52.
Operator Labour		18,639.	302.
Less: Sales (Excl. Milk)		31,637.	512.
NET COST OF PRODUCING MILK		$ 217,425.	$ 3,520.
Number of Cows	(#)	62	1
Total Litres of Milk Sold	(L)	383,355	6,207
Price Received per HL	($)	55.14	55.14
Cost of Producing Milk/HL	($)	56.72	56.72
NET RETURN PER HL	($)	-1.58	-1.58

PRODUCTION ANALYSIS

Total milk sales averaged 383,355 litres per farm. For farms in this group, 62 cows per farm was the average with milk sold per cow standing at 6,207 litres.

Fluid milk represented 66.8 percent of the volume of milk sold, while in dollar terms, fluid milk accounted for 71.9 percent of milk sales. Average blend price for all milk was $55.14 per hectolitre.

Purchased feed averaged $830. per cow or $13.37 per hectolitre of milk sold. These dollars represented 2,895 kilograms of feed per cow consumed.

TABLE F-5: PRODUCTION ANALYSIS

ITEM		PER FARM	PER COW
Number of Cows	(#)	62	1
Total Litres of Milk Sold	(L)	383,355	6,207
Value of Milk Sold	($)	211,371	3,422
Price Received per HL Milk	($)	55.14	55.14
Fluid Milk (L's as % of Total Milk)	(%)	66.8	66.8
Fluid Milk ($'s as % of Total Milk)	($)	71.9	71.9
Cost of Dairy Feed	($)	51,274	830
Feed Cost per HL Milk Sold	($)	13.37	13.37
Feed Cost as % of Total Cost	(%)	24.4	24.4
Feed Cost as % of Milk Sales	(%)	24.3	24.3
Kilograms of Feed/HL Milk	(Kgs)	46.64	46.64
Kilograms of Feed	(Kgs)	176,590	2,895
Pounds of Feed	(Lbs)	388,499	6,369

BALANCE SHEET

The Balance Sheet represents a picture of the financial position of a business at a particular point in time. The Balance Sheet is composed of three (3) main parts, namely:

ASSETS are items of value owned by the business.

LIABILITIES are debts owed by the business to others.

EQUITY OR NET WORTH is the difference between assets and liabilities and represents the owner's capital investment in the business.

For this group of farms, assets amounted to $426,982. per farm or $6,913. per cow. Liabilities averaged $235,862. per farm and $3,819. on a per cow basis. Equity or Net Worth - the difference between assets and liabilities was $191,120. per farm or $3,094. per cow.

TABLE F-6: BALANCE SHEET

ITEM	PER FARM	PER COW
ASSETS:		
Inventory Value - Land	$ 57,059.	$ 924.
" " - Buildings	71,986.	1,166.
" " - Machinery	82,613.	1,338.
" " - Livestock	89,483.	1,449.
" " - Crops & Supp	21,072.	341.
" " - Milk Quota	68,164.	1,104.
" " - Acct's Rec'able	1,992.	32.
" " - Co-op Dairy Inv.	34,613.	560.
TOTAL INVENTORY VALUE - ASSETS	$ 426,982.	$ 6,913.
LIABILITIES:		
Short Term	$ 18,591.	$ 301.
Intermediate Term	50,639.	820.
Long Term	166,632.	2,698.
TOTAL LIABILITIES	$ 235,862.	$ 3,819.
EQUITY OR NET WORTH	$ 191,120.	$ 3,094.

BALANCE SHEET ANALYSIS

For farms in this size group, equity in the farm business averaged 44.76 percent. Farms received a return to equity capital of 6.83 percent and a return to capital of 8.05 percent.

Capital Turnover averaged 1.74 years.

Total Assets to Total Liabilities ratio was 1.81 - for every dollar of debt there were 1.81 of assets.

Net Income as a percent of Gross Farm Income averaged 14.25 percent for this group of farms.

TABLE F-7: BALANCE SHEET ANALYSIS

ITEM		PER FARM
Equity in Farm Business	(%)	44.76
Return on Equity	(%)	6.83
Return on Invested Capital	(%)	8.05
Capital Turnover	(Yrs)	1.74
Current Assets/Current Liabilities	($)	7.92
Total Assets/Total Liabilities	($)	1.81
Total Liabilities/Equity	($)	1.23
Net Income/Gross Income	(%)	14.25

LABOUR ANALYSIS

The labour complement on farms in this size range averaged 2.67 man equivalents; composed of 1.54 operator and unpaid family labour and 1.14 hired man equivalents.

For each man equivalent, 23 cows were maintained with 143,404 litres of milk sold at a value of $79,069.

Labour Income per man equivalent averaged $10,268.

TABLE F-8: LABOUR ANALYSIS

ITEM		PER FARM
Number of Cows	(#)	62
Operator & Family Man Equivalents	(#)	1.54
Hired Man Equivalents	(#)	1.14
Total Man Equivalents	(#)	2.67
Cows per Man Equivalent	(#)	23
Milk Sold per Man Equilivent	(L)	143,404
Milk Sold per Man Equivalent	($)	79,069
Labour Income Per Man Equivalent Operator & Unpaid Family	($)	10,268

ANALYSIS OF EXPENSES

Purchased Dairy Feed was the largest expense item and accounted for 24.4 percent of Total Expenses. Other major expenses were; depreciation at 13.4 percent, interest at 10.1 percent, hired labour at 9.8 percent, crop expenses at 6.0 percent, tractor and machinery at 5.8 percent and miscellaneous at 1.1 percent of Total Expenses.

TABLE F-9: ANALYSIS OF EXPENSES

ITEM	PER COW	PERCENTAGE
Milk Hauling	$ 123.	3.6%
Dairy Feed	830.	24.4
Livestock Purchased	77.	2.3
Vet & Drugs	54.	1.6
Breeding	54.	1.6
Dairy Supplies	97.	2.9
Milk Marketing	108.	3.2
Crop Expenses	205.	6.0
Building & Fence Repairs	91.	2.7
Utilities	83.	2.5
Tractor & Machinery Expenses	198.	5.8
Truck & Auto Expenses	56.	1.7
Interest	345.	10.1
Hired Labour	332.	9.8
Taxes & Insurance	82.	2.4
Custom Work	87.	2.6
Rentals & Leases	38.	1.1
Miscellaneous	80.	2.3
Depreciation	457.	13.4
TOTAL EXPENSES	$ 3,398.	100.0%

RECEIPTS AND EXPENSES SUMMARY

Information supplied in this section summarizes receipts and expenses for this group of farms on a per cow, per hectolitre and a per hundredweight milk sold basis.

TABLE F-10: RECEIPTS AND EXPENSES SUMMARY

ITEM	PER COW	PER 100 LITRES	PER CWT.
RECEIPTS:			
Fluid Milk	$ 2,461.	$ 39.65	$ 17.47
Manufactured Milk	843.	13.58	5.98
Milk Subsidies	118.	1.91	0.84
Livestock Sales	281.	4.52	1.99
Crop Sales	39.	0.63	0.28
Miscellaneous Sales	193.	3.11	1.37
TOTAL CASH RECEIPTS	$ 3,935.	$ 63.39	$ 27.93
Adj. for Inventory Change	$ 29.	$ 0.46	$ 0.20
TOTAL FARM RECEIPTS	$ 3,963.	$ 63.85	$ 28.13
EXPENSES:			
Milk Hauling	$ 123.	$ 1.98	$ 0.87
Dairy Feed	830.	13.37	5.89
Livestock Purchases	77.	1.24	0.55
Vet & Drugs	54.	0.86	0.38
Breeding	54.	0.87	0.38
Dairy Supplies	97.	1.56	0.69
Milk Marketing	108.	1.74	0.77
Crop Expenses	205.	3.31	1.46
Building & Fence Repair	91.	1.47	0.65
Utilities	83.	1.34	0.59
Tractor & Machinery Repair	198.	3.20	1.41
Truck & Auto Expense	56.	0.91	0.40
Interest	345.	5.56	2.45
Hired Labour	332.	5.35	2.36
Taxes & Insurance	82.	1.32	0.58
Custom Work	87.	1.41	0.62
Rentals & Leases	38.	0.61	0.27
Miscellaneous	80.	1.28	0.57
TOTAL CASH EXPENSES	$ 2,941.	$ 47.39	$ 20.88
Building Depreciation	$ 100.	$ 1.61	$ 0.71
Machinery Depreciation	357.	5.75	2.53
TOTAL DEPRECIATION	$ 457.	$ 7.36	$ 3.24
TOTAL FARM EXPENSES	$ 3,398.	$ 54.75	$ 24.12
NET FARM INCOME	$ 565.	$ 9.10	$ 4.01

Section G

Net Farm Income

Analysis

NET FARM INCOME ANALYSIS

One of the key factors studied when analyzing a farm business is Net Farm Income. This factor is important as it provides the return to the operator for his labour and management skills along with a return to equity capital in the business. A study of the various groupings below can provide some indication of why there are such wide variations in the Net Farm Incomes of the farms in this summary.

The one hundred and thirty-five (135) farms in the summary were reorganized into three groupings based on Net Farm Income per Cow. These groups were - (1) the high 25 percent Net Farm Income per Cow Farms, (2) the middle 50 percent Net Farm Income per Cow Farms and (3) the low 25 percent Net Farm Income per Cow Farms.

Similiar assumptions regarding Interest on Equity, Operator and Family Labour were made for this section as were made throughout the summary.

Table G-1 provides data on a per farm basis, while Table G-2 provides the data on a per cow basis.

A review of the tables shows that the High Net Farm Income per Cow group received a return to all factors of production at the assumed levels. The Medium Net Farm Income per Cow group and the Low Net Farm Income per Cow group did not receive a return sufficient to meet all costs.

The High Net Farm Income group had Net Income per cow of $1,038., while the Middle and Low groups averaged $550. and $13. respectively.

Return on Equity averaged 16.2 percent for the High group, while the Middle and Low groups averaged 15.7 and 0.0 respectively.

Net Income as a percent of Gross Income averaged 23.8 percent for the High group, 14.2 for the Middle group, and 0.4 for the Low group.

TABLE G-1:
HIGH, MEDIUM AND LOW NET FARM INCOME PER COW FARMS
PER FARM ANALYSIS

ITEM	HIGH N.F.I./COW	MEDIUM N.F.I./COW	LOW N.F.I./COW
RECEIPTS:			
Fluid Milk	$187,659	$139,855	$140,242
Industrial Milk	72,309	46,514	42,746
Milk Subsidies	9,925	6,584	6,158
Livestock Sales	22,208	16,228	14,611
Crop Sales	4,907	1,539	1,587
Miscellaneous Sales	17,845	9,505	10,718
TOTAL CASH RECEIPTS	$314,853	$220,224	$216,061
Adj. for Inventory Change	$ 2,882	$ 2,170	$ (131)
TOTAL FARM RECEIPTS	$317,736	$222,394	$215,930
EXPENSES:			
Milk Hauling	$ 9,742	$ 6,969	$ 6,676
Dairy Feed	63,165	47,094	47,620
Livestock Purchases	4,785	4,089	5,997
Vet and Drugs	3,989	3,132	3,003
Breeding	4,351	3,121	2,705
Dairy Supplies	5,861	6,285	5,547
Milk Marketing	8,523	6,176	5,812
Crop Expenses	17,475	10,121	12,975
Building and Fence Repair	6,017	4,389	7,747
Utilities	6,034	4,739	5,098
Tractor and Machinery Repair	13,311	11,264	13,142
Truck and Auto Expense	3,923	3,312	3,333
Interest	17,829	21,346	24,681
Hired Labour	24,492	17,108	23,246
Taxes and Insurance	5,662	4,670	5,185
Custom Work	7,191	4,260	5,813
Rentals and Leases	1,690	2,806	2,123
Miscellaneous	7,000	3,864	4,918
TOTAL CASH EXPENSES	$211,040	$164,747	$185,621

TABLE G-1 (CONT'D):
HIGH, MEDIUM AND LOW NET FARM INCOME PER COW FARMS
PER FARM ANALYSIS

ITEM		HIGH N.F.I./COW	MEDIUM N.F.I./COW	LOW N.F.I./COW
Building Depreciation		$ 6,771	$ 5,848	$ 6,205
Machinery Depreciation		24,223	20,299	23,341
TOTAL DEPRECIATION		$ 30,994	$ 26,146	$ 29,545
TOTAL FARM EXPENSES		$242,034	$190,893	$215,166
NET FARM INCOME		$ 75,702	$ 31,500	$ 764
Total Farm Expense		$242,034	$190,893	$215,166
Plus: Interest on Equity		30,038	16,321	13,686
Unpaid Family Labour		3,251	3,632	2,279
Operator Labour		23,154	17,519	16,465
Less: Sales (Excl. Milk)		44,960	27,271	26,916
NET COST OF PRODUCING MILK		$253,516	$201,094	$220,679
Number of Farms	(#)	34	67	34
Number of Cows/Farm	(#)	73	57	59
Litres of Milk/Farm	(L)	490,899	350,374	340,805
Price of Milk/HL	($)	54.98	55.07	55.50
Cost of Producing Milk/HL	($)	51.64	57.39	64.75
NET RETURN/HL	($)	3.34	(2.32)	(9.25)
Investment/Farm	($)	513,312	399,124	395,549
Liabilities/Farm	($)	212,927	235,916	258,689
Feed Cost/HL Milk Sold	($)	12.87	13.44	13.97
Equity in Business	(%)	58.5	40.9	34.6
Return on Equity	(%)	16.2	15.7	0.0
Return on Invested Capital	(%)	15.2	9.5	2.5
Net Income / Gross Income	(%)	23.8	14.2	0.4

TABLE G-2:
HIGH, MEDIUM AND LOW NET FARM INCOME PER COW FARMS
PER COW ANALYSIS

ITEM	HIGH N.F.I./COW	MEDIUM N.F.I./COW	LOW N.F.I./COW
RECEIPTS:			
Fluid Milk	$2,573	$2,440	$2,363
Industrial Milk	991	812	720
Milk Subsidies	136	115	104
Livestock Sales	304	283	246
Crop Sales	67	27	27
Miscellaneous Sales	245	166	181
TOTAL CASH RECEIPTS	$4,317	$3,842	$3,640
Adj. for Inventory Change	$ 40	$ 38	$ (2)
TOTAL FARM RECEIPTS	$4,356	$3,880	$3,638
EXPENSES:			
Milk Hauling	$ 134	$ 122	$ 112
Dairy Feed	866	822	802
Livestock Purchases	66	71	101
Vet and Drugs	55	55	51
Breeding	60	54	46
Dairy Supplies	80	110	93
Milk Marketing	117	108	98
Crop Expenses	240	177	219
Building and Fence Repair	82	77	131
Utilities	83	83	86
Tractor and Machinery Repair	182	197	221
Truck and Auto Expense	54	58	56
Interest	244	372	416
Hired Labour	336	299	392
Taxes and Insurance	78	81	87
Custom Work	99	74	98
Rentals and Leases	23	49	36
Miscellaneous	96	67	83
TOTAL CASH EXPENSES	$2,893	$2,874	$3,127

TABLE G-2 (CONT'D):
HIGH, MEDIUM AND LOW NET FARM INCOME PER COW FARMS
PER COW ANALYSIS

ITEM		HIGH N.F.I./COW	MEDIUM N.F.I./COW	LOW N.F.I./COW
Building Depreciation		$ 93	$ 102	$ 105
Machinery Depreciation		332	354	393
TOTAL DEPRECIATION		$ 425	$ 456	$ 498
TOTAL FARM EXPENSES		$3,318	$3,331	$3,625
NET FARM INCOME		$1,038	$ 550	$ 13
Total Farm Expense		$3,318	$3,331	$3,625
Plus: Interest on Equity		412	285	231
Unpaid Family Labour		45	63	38
Operator Labour		317	306	277
Less: Sales (Excl. Milk)		616	476	453
NET COST OF PRODUCING MILK		$3,476	$3,509	$3,718
Number of Farms	(#)	34	67	34
Number of Cows/Farm	(#)	73	57	59
Litres of Milk/Cow	(L)	6,730	6,113	5,742
Price of Milk/HL	($)	54.98	55.07	55.50
Cost of Producing Milk/HL	($)	51.64	57.39	64.75
NET RETURN/HL	($)	3.34	(2.32)	(9.25)
Investment/Cow	($)	7,037	5,472	5,423
Liabilities/Cow	($)	2,919	3,234	3,547
Feed Cost/HL Milk Sold	($)	12.87	13.44	13.97
Equity in Business	(%)	58.5	40.9	34.6
Return on Equity	(%)	16.2	15.7	0.0
Return on Invested Capital	(%)	15.2	9.5	2.5
Net Income / Gross Income	(%)	23.8	14.2	0.4

Section H

Production

Analysis

PRODUCTION ANALYSIS

In the management of a business, output per unit of input is one of the key elements to the success of that business. In the dairy business, production per farm or more particularly, production per cow is one of the key factors determining the profitability of the farm business.

In this section of the summary, farms were reclassified according to production levels on a per cow basis. Three (3) levels were chosen as follows: (1) high 25 percent Production per Cow Farms; (2) middle 50 percent Production per Cow Farms, and (3) low 25 percent Production per Cow Farms.

Assumptions regarding Operator and Family Labour and Interest on Equity were the same as used elsewhere in this summary.

Tables H-1 and H-2 present information on a per farm and per cow basis.

In analyzing the information found in the tables, it is noted that none of the groups achieved a return to all factors of production. The High Production group showed a $(1.10) net return per hectolitre, the Medium Production group a $(1.73) net return per hectolitre, and the Low group a $(4.28) net return per hectolitre.

The High Production group had production of 7,477 litres per cow, while the Low Production group averaged 4,943 litres per cow.

TABLE H-1:
HIGH, MEDIUM AND LOW FARM PRODUCTION PER COW FARMS
PER FARM ANALYSIS

ITEM	HIGH PROD./COW	MEDIUM PROD./COW	LOW PROD./COW
RECEIPTS:			
Fluid Milk	$165,964	$162,512	$117,287
Industrial Milk	54,845	58,382	36,824
Milk Subsidies	7,565	8,319	5,098
Livestock Sales	18,223	18,735	13,654
Crop Sales	3,982	2,445	1,122
Miscellaneous Sales	13,299	12,547	9,446
TOTAL CASH RECEIPTS	$263,878	$262,650	$183,432
Adj. for Inventory Change	$ 3,500	$ 1,498	$ 576
TOTAL FARM RECEIPTS	$267,378	$264,148	$184,008
EXPENSES:			
Milk Hauling	$ 8,329	$ 8,244	$ 55764
Dairy Feed	50,052	59,331	36,618
Livestock Purchases	5,902	4,666	3,744
Vet and Drugs	3,845	3,621	2,185
Breeding	3,671	3,860	1,930
Dairy Supplies	5,634	6,875	4,612
Milk Marketing	7,295	7,258	4,908
Crop Expenses	14,935	12,501	10,826
Building and Fence Repair	5,527	5,912	5,236
Utilities	5,475	5,498	4,163
Tractor and Machinery Repair	12,427	12,859	10,882
Truck and Auto Expense	3,491	3,735	2,932
Interest	27,961	19,790	17,614
Hired Labour	19,345	23,217	16,354
Taxes and Insurance	5,274	5,184	4,558
Custom Work	8,511	4,976	3,082
Rentals and Leases	1,979	2,776	1,893
Miscellaneous	6,407	4,601	4,059
TOTAL CASH EXPENSES	$196,059	$194,905	$141,171

TABLE H-1 (CONT'D):
HIGH, MEDIUM AND LOW FARM PRODUCTION PER COW FARMS
PER FARM ANALYSIS

ITEM		HIGH PROD./COW	MEDIUM PROD./COW	LOW PROD./COW
Building Depreciation		$ 7,227	$ 6,403	$ 4,654
Machinery Depreciation		26,344	22,383	17,112
TOTAL DEPRECIATION		$ 33,571	$ 28,787	$ 21,766
TOTAL FARM EXPENSES		$229,630	$223,692	$162,937
NET FARM INCOME		$ 37,748	$ 40,456	$ 21,071
Total Farm Expense		$229,630	$223,692	$162,937
Plus: Interest on Equity		17,777	23,395	12,007
Unpaid Family Labour		2,289	3,216	4,059
Operator Labour		18,764	19,555	16,737
Less: Sales (Excl. Milk)		35,504	33,436	24,223
NET COST OF PRODUCING MILK		$232,957	$236,423	$171,517
Number of Farms	(#)	34	67	34
Number of Cows/Farm	(#)	56	67	58
Litres of Milk/Farm	(L)	415,400	415,561	287,846
Price of Milk/HL	($)	54.98	55.16	55.31
Cost of Producing Milk/HL	($)	56.08	56.89	59.59
NET RETURN/HL	($)	(1.10)	(1.73)	(4.28)
Feed Cost/HL Milk Sold	($)	12.05	14.28	12.72
Feed Cost as % of Total Sales	(%)	21.8	26.5	22.5
Feed Cost as % of Milk Sales	(%)	21.9	25.9	23.0
Kilograms of Feed/HL Milk Sold	(kgs)	40.8	51.0	42.7

TABLE H-2:
HIGH, MEDIUM AND LOW FARM PRODUCTION PER COW FARMS PER COW ANALYSIS

ITEM	HIGH PROD./COW	MEDIUM PROD./COW	LOW PROD./COW
RECEIPTS:			
Fluid Milk	$2,987	$2,436	$2,014
Industrial Milk	987	875	632
Milk Subsidies	136	125	88
Livestock Sales	328	281	234
Crop Sales	72	34	19
Miscellaneous Sales	239	187	162
TOTAL CASH RECEIPTS	$4,750	$3,938	$3,150
Adj. for Inventory Change	$ 63	$ 22	$ 10
TOTAL FARM RECEIPTS	$4,813	$3,960	$3,160
EXPENSES:			
Milk Hauling	$ 150	$ 124	$ 96
Dairy Feed	901	889	629
Livestock Purchases	106	70	64
Vet and Drugs	69	54	38
Breeding	66	58	33
Dairy Supplies	101	103	79
Milk Marketing	131	109	84
Crop Expenses	269	187	186
Building and Fence Repair	99	89	90
Utilities	99	82	71
Tractor and Machinery Repair	224	193	187
Truck and Auto Expense	63	56	50
Interest	503	297	302
Hired Labour	348	348	281
Taxes and Insurance	95	78	78
Custom Work	153	75	53
Rentals and Leases	36	42	32
Miscellaneous	115	69	70
TOTAL CASH EXPENSES	$3,529	$2,922	$2,424

TABLE H-2 (CONT'D):
HIGH, MEDIUM AND LOW FARM PRODUCTION PER COW FARMS
PER COW ANALYSIS

ITEM		HIGH PROD./COW	MEDIUM PROD./COW	LOW PROD./COW
Building Depreciation		$ 130	$ 96	$ 80
Machinery Depreciation		474	336	294
TOTAL DEPRECIATION		$ 604	$ 432	$ 374
TOTAL FARM EXPENSES		$4,133	$3,354	$2,798
NET FARM INCOME		$ 679	$ 607	$ 362
Total Farm Expense		$4,133	$3,354	$2,798
Plus: Interest on Equity		320	351	206
Unpaid Family Labour		41	48	70
Operator Labour		338	293	287
Less: Sales (Excl. Milk)		639	501	416
NET COST OF PRODUCING MILK		$4,193	$3,544	$2,945
Number of Farms	(#)	34	67	34
Number of Cows/Farm	(#)	56	67	58
Litres of Milk/Cow	(L)	7,477	6,230	4,943
Price of Milk/HL	($)	54.98	55.16	55.31
Cost of Producing Milk/HL	($)	56.08	56.89	59.59
NET RETURN/HL	($)	(1.10)	(1.73)	(4.28)
Feed Cost/HL Milk Sold	($)	12.05	14.28	12.72
Feed Cost as % of Total Costs	(%)	21.8	26.5	22.5
Feed Cost as % of Milk Sales	(%)	21.9	25.9	23.0
Kilograms of Feed/HL Milk Sold	(kgs)	40.8	51.0	42.7

Section I

Investment

Analysis

INVESTMENT ANALYSIS

The level of capital investment in a business can be an important factor in determining the profitability of that business. In this section of the summary, farms are re-grouped into three (3) classifications as follows: (1) the high 25 percent Investment per Cow Farms, (2) the middle 50 percent Investment per Cow Farms, and (3) the low 25 percent Investment per Cow Farms.

Similiar assumptions regarding Operator and Family Labour and Return on Equity were used for this section as were made throughout this summary.

Table I-1 provides data on a per farm basis, while Table I-2 provides data on a per cow basis.

The information contained in the tables reveals that none of the groups received a return to all factors of production at the assumed levels.

Investment per cow averaged $5,684. for the Low Investment per Cow group, $7,925. for the Medium Investment per Cow group and $10,010. for the High Investment per Cow group.

All groups received a Return to Equity ranging from 8.9 percent for the High Investment per Cow group, to 15.6 percent for the Low Investment per Cow group.

Net Income as a percent of Gross Farm Income was 12.3 percent for the High Investment per Cow group, 15.6 percent for the Medium Investment per Cow group and 13.6 percent for the Low Investment per Cow group.

TABLE I-1
HIGH, MEDIUM AND LOW INVESTMENT PER COW FARMS
PER FARM ANALYSIS

ITEM	HIGH INVEST./COW	MEDIUM INVEST./COW	LOW INVEST./COW
RECEIPTS:			
Fluid Milk	$153,368	$153,581	$147,484
Industrial Milk	50,471	54,062	49,710
Milk Subsidies	7,284	7,646	6,705
Livestock Sales	16,332	17,060	18,845
Crop Sales	4,277	1,924	1,458
Miscellaneous Sales	14,466	10,971	11,207
TOTAL CASH RECEIPTS	$246,200	$245,244	$235,409
Adj. for Inventory Change	$ 2,660	$ 2,360	$ (282)
TOTAL FARM RECEIPTS	$248,859	$247,604	$235,127
EXPENSES:			
Milk Hauling	$ 7,751	$ 7,861	$ 6,909
Dairy Feed	44,931	54,102	52,043
Livestock Purchases	7,459	4,003	3,492
Vet and Drugs	3,648	3,236	3,138
Breeding	3,134	3,462	3,251
Dairy Supplies	5,924	6,251	5,551
Milk Marketing	6,313	6,972	6,454
Crop Expenses	14,686	12,169	11,730
Building and Fence Repair	5,481	5,074	6,934
Utilities	5,048	5,242	5,094
Tractor and Machinery Repair	11,391	12,165	13,286
Truck and Auto Expense	3,173	3,528	3,658
Interest	26,384	20,326	18,136
Hired Labour	19,009	20,612	21,825
Taxes and Insurance	5,183	4,888	5,233
Custom Work	7,828	4,349	5,001
Rentals and Leases	1,928	2,544	2,402
Miscellaneous	5,242	4,975	4,486
TOTAL CASH EXPENSES	$184,513	$181,759	$178,623

TABLE I-1 (CONT'D):
HIGH, MEDIUM AND LOW INVESTMENT PER COW FARMS
PER FARM ANALYSIS

ITEM		HIGH INVEST./COW	MEDIUM INVEST./COW	LOW INVEST./COW
Building Depreciation		$ 8,111	$ 6,019	$ 4,527
Machinery Depreciation		25,656	21,263	20,008
TOTAL DEPRECIATION		$ 33,767	$ 27,282	$ 24,535
TOTAL FARM EXPENSES		$218,281	$209,041	$203,158
NET FARM INCOME		$ 30,579	$ 38,564	$ 31,968
Total Farm Expense		$218,281	$209,041	$203,158
Plus: Interest on Equity		24,549	20,000	11,924
Unpaid Family Labour		3,015	3,125	3,514
Operator Labour		17,509	19,094	18,892
Less: Sales (Excl. Milk)		35,076	29,956	31,510
NET COST OF PRODUCING MILK		$228,278	$221,304	$205,978
Number of Farms	(#)	34	67	34
Number of Cows/Farm	(#)	54	63	66
Litres of Milk/Farm	(L)	382,410	390,319	370,578
Price of Milk/HL	($)	55.21	55.16	55.02
Cost of Producing Milk/HL	($)	59.69	56.70	55.58
NET RETURN/HL	($)	(4.59)	(1.54)	(0.56)
Investment/Farm	($)	542,001	429,112	307,766
Liabilities/Farm	($)	296,512	229,108	188,522
Feed Cost/HL Milk Sold	($)	11.75	13.86	14.04
Equity in Business	(%)	45.3	46.6	38.7
Return on Equity	(%)	8.9	14.5	15.6
Return on Invested Capital	(%)	7.8	10.2	11.2
Net Income / Gross Income	(%)	12.3	15.6	13.6

TABLE I-2:
HIGH, MEDIUM AND LOW INVESTMENT PER COW FARMS
PER COW ANALYSIS

ITEM	HIGH INVEST./COW	MEDIUM INVEST./COW	LOW INVEST./COW
RECEIPTS:			
Fluid Milk	$2,832	$2,425	$2,226
Industrial Milk	932	853	750
Milk Subsidies	135	121	101
Livestock Sales	302	269	284
Crop Sales	79	30	22
Miscellaneous Sales	267	173	169
TOTAL CASH RECEIPTS	$4,547	$3,872	$3,553
Adj. for Inventory Change	$ 49	$ 37	$ (4)
TOTAL FARM RECEIPTS	$4,596	$3,909	$3,548
EXPENSES:			
Milk Hauling	$ 143	$ 124	$ 104
Dairy Feed	830	854	785
Livestock Purchases	138	63	53
Vet and Drugs	67	51	47
Breeding	58	55	49
Dairy Supplies	109	99	84
Milk Marketing	117	110	97
Crop Expenses	271	192	177
Building and Fence Repair	101	80	105
Utilities	93	83	77
Tractor and Machinery Repair	210	192	200
Truck and Auto Expense	59	56	55
Interest	487	321	274
Hired Labour	351	325	329
Taxes and Insurance	96	77	79
Custom Work	145	69	75
Rentals and Leases	36	40	36
Miscellaneous	97	79	68
TOTAL CASH EXPENSES	$3,408	$2,869	$2,696

TABLE I-2 (CONT'D):
HIGH, MEDIUM AND LOW INVESTMENT PER COW FARMS
PER COW ANALYSIS

ITEM		HIGH INVEST./COW	MEDIUM INVEST./COW	LOW INVEST./COW
Building Depreciation		$ 150	$ 95	$ 68
Machinery Depreciation		474	336	302
TOTAL DEPRECIATION		$ 624	$ 431	$ 370
TOTAL FARM EXPENSES		$4,031	$3,300	$3,066
NET FARM INCOME		$ 565	$ 609	$ 482
Total Farm Expense		$4,031	$3,300	$3,066
Plus: Interest on Equity		453	316	180
Unpaid Family Labour		56	49	53
Operator Labour		323	301	285
Less: Sales (Excl. Milk)		648	473	476
NET COST OF PRODUCING MILK		$4,216	$3,494	$3,108
Number of Farms	(#)	34	67	34
Number of Cows/Farm	(#)	54	63	66
Litres of Milk/Cow	(L)	7,062	6,162	5,592
Price of Milk/HL	($)	55.21	55.16	55.02
Cost of Producing Milk/HL	($)	59.69	56.70	55.58
NET RETURN/HL	($)	(4.49)	(1.54)	(0.56)
Investment/Cow	($)	10,010	7,925	5,684
Liabilities/Cow	($)	5,476	4,231	3,482
Feed Cost/HL Milk Sold	($)	11.75	13.86	14.04
Equity in Business	(%)	45.3	46.6	38.7
Return on Equity	(%)	8.9	14.5	15.6
Return on Invested Capital	(%)	7.8	10.2	11.2
Net Income / Gross Income	(%)	12.3	15.6	13.6

Section J

Summary

SUMMARY

The 1988 Nova Scotia Dairy Farm Business Summary provides basic information and statistics on the costs and returns associated with the dairy enterprise on Nova Scotia farms. While not based on a stastically sound random sample of dairy farms, the summary can be used, with care, to assist in the analysis of the dairy enterprise by providing group average data for comparison purposes.

Table J-1 provides a brief summary of a number of cost and profit ratios and management factors that are often used when analyzing a farm business. These ratios and management factors provide useful information about the financial and production strength of the farm business. In addition, weaknesses in the farm business can be pinpointed through an analysis of these ratios and management factors.

In reviewing these ratios and management factors, the following points are worthy of comment:

- A total of 135 farms were included in the summary.
- Capital Turnover Ratio is 1.74 years.
- Equity in the farm business varied widely from farm to farm, but averaged 44.76 percent for all farms.
- Return on Equity averaged 6.83 percent with significant variation among farms.
- Net Income to Gross Income varied widely, but averaged 14.25 percent.
- Production per cow averaged 6,207 litres of milk sold.

A review of the previous sections showed that the 20 to 39 Cow Group, the 40 to 59 Cow Group and the 60 to 99 Cow Group did not receive a return to all factors of production, while the 100 plus Cow Group did. When farms were reclassified by various criteria (Net Farm Income, Production and Investment per cow), only the High Net Income per Cow group received a return greater than all costs.

In compiling the data for this summary, extreme variation among farms was noted. The variation occurred in most factors, including returns, costs and management factors. Below, we list a number of examples of the variation observed.

- Net Farm Income had a range of $2,539. per cow between the highest and lowest net incomes on a per cow basis.
- Investment per cow had a range of $10,356. between the highest and lowest investments on a per cow basis.
- Production per cow varied 6,224 litres per cow between the highest and lowest production on a per cow basis.

With such wide variation in many of the costs, returns and management factors, it is difficult to isolate specific characteristics that result in a profitable dairy unit. It would appear, however, that a number of the key

factors of production, such as Production per Cow, Efficient Use of Capital, Efficient Use of Labour and Cost Control are of significant importance in determining the success of the farm unit.

Those farm operators who successfully combine these factors of production in the management and operation of their business achieved a reasonable return to their Capital and Management.

TABLE J-1
COST AND PROFIT RATIOS

ITEM		20-39 Cows	40-59 Cows	60-99 Cows	100+ Cows	All Farms
Number of Farms		29	52	41	13	135
Number of Cows per Farm		32	49	75	140	62
COST RATIOS:						
Variable Cost as % of Total Cost		56	59	58	63	59
Fixed Cost as % of Total Cost		26	25	25	20	24
Opportunity Cost as % of Total Cost		18	16	16	17	16
EARNING AND SOLVENCY RATIOS:						
Capital Turnover	(Yrs)	1.91	1.77	1.83	1.49	1.74
Farm Equity	(%)	35.22	34.82	44.94	67.42	44.76
Return on Equity	(%)	1.43	5.53	4.74	11.91	6.83
Current Ratio	(%)	2.68	1.51	2.31	4.30	2.20
Net Capital Ratio	(%)	1.54	1.53	1.82	3.07	1.81
Debt to Equity Ratio	(%)	1.84	1.87	1.22	0.48	1.23
Net Income/Gross Income	(%)	12.97	13.32	12.60	18.96	14.25
MANAGEMENT FACTORS:						
Cows/Man Equivalent	(#)	18	21	26	29	23
Milk Sold/Cow	(L)	6175	6309	6055	6338	6207
Milk Sold/Man Equivalent	(L)	113715	131474	154542	185996	143404
Purchased Feed/Cow	($)	880	821	812	849	830
Purchased Feed/Cow	(Kgs)	2960	2831	2734	3221	2895
Feed as % of Milk Sold	(%)	25.7	23.7	24.2	24.4	24.3
Feed as % of Total Costs	(%)	25.7	23.2	24.0	26.3	24.4
Feed/HL Milk Sold	(Kgs)	47.93	44.88	45.15	50.82	46.64
Feed Cost/HL Milk Sold	(%)	14.24	13.01	13.41	13.39	13.37

Appendix

APPENDIX

The Tables in the Appendix outline Per Farm, Per Cow, Per Hectolitre, Per Hundredweight and Percentage figures for all farms combined in the summary.

The Appendix also provides a Glossary of Terms used throughout the Summary. A brief definition or explanation of each term is also provided.

RECEIPTS AND EXPENSES SUMMARY

ITEM	PER FARM	PER COW
RECEIPTS:		
Fluid Milk	$151,992	$2,461
Industrial Milk	52,062	843
Milk Subsidies	7,318	118
Livestock Sales	17,327	281
Crop Sales	2,399	39
Miscellaneous Sales	11,911	193
TOTAL CASH RECEIPTS	$243,008	$3,935
Adj. for Inventory Change	$ 1,770	$ 29
TOTAL FARM RECEIPTS	$244,778	$3,963
EXPENSES:		
Milk Hauling	$ 7,594	$ 123
Dairy Feed	51,274	830
Livestock Purchases	4,745	77
Vet and Drugs	3,315	54
Breeding	3,326	54
Dairy Supplies	5,992	97
Milk Marketing	6,675	108
Crop Expenses	12,692	205
Building and Fence Repair	5,645	91
Utilities	5,156	83
Tractor and Machinery Repair	12,252	198
Truck and Auto Expense	3,471	56
Interest	21,300	345
Hired Labour	20,514	332
Taxes and Insurance	5,049	82
Custom Work	5,389	87
Rentals and Leases	2,353	38
Miscellaneous	4,919	80
TOTAL CASH EXPENSES	$181,663	$2,941
Building Depreciation	$ 6,170	$ 100
Machinery Depreciation	22,053	357
TOTAL DEPRECIATION	$ 28,223	$ 457
TOTAL FARM EXPENSES	$209,886	$3,398
NET FARM INCOME	$ 34,892	$ 565

RECEIPTS AND EXPENSES SUMMARY

PER 100 LITRES	PER CWT	PERCENTAGE
$39.65	$17.47	62.1
13.58	5.98	21.3
1.91	0.84	3.0
4.52	1.99	7.1
0.63	0.28	1.0
3.11	1.37	4.9
$63.39	$27.93	99.3
$ 0.46	$ 0.20	0.7
$63.85	$28.13	100.0
$ 1.98	$ 0.87	3.6
13.37	5.89	24.4
1.24	0.55	2.3
0.86	0.38	1.6
0.87	0.38	1.6
1.56	0.69	2.9
1.74	0.77	3.2
3.31	1.46	6.0
1.47	0.65	2.7
1.34	0.59	2.5
3.20	1.41	5.8
0.91	0.40	1.7
5.56	2.45	10.1
5.35	2.36	9.8
1.32	0.58	2.4
1.41	0.62	2.6
0.61	0.27	1.1
1.28	0.57	2.3
$47.39	$20.88	86.6
$ 1.61	$ 0.71	2.9
5.75	2.53	10.5
$ 7.36	$ 3.24	13.4
$54.75	$24.12	100.0
$ 9.10	$ 4.01	0.0

GLOSSARY OF TERMS

ASSETS - All items of value owned by the farm business.

CAPITAL TURNOVER - The length of time, measured in years, that is required to generate sufficient income to equal total capital invested in the farm business. The ratio is Total Capital Invested divided by Total(Gross) Farm Income.

CASH EXPENSES - The sum of all cash expenses expended by the farm business during the year. This includes such items as feed, livestock purchased, hired labour, interest and marketing costs.

DEPRECIATION - This is an amount which represents the loss in value of an asset over a certain period of time due to the number of years of remaining life, the amount of use and obsolescence. In this summary, tax depreciation rates are used.

EQUITY - This is the difference between the value of the assets and liabilities and represents the value of assets that would remain if all debts were paid off. Further it represents the capital contribution to the business by the owner.

FARM RECEIPTS - The sum of all cash receipts received by the business during the year. This includes such items as fluid milk sales, livestock sales and miscellaneous sales.

INTERMEDIATE TERM LIABILITIES - This is debt owed by the business to others with a usual term of from 1 to 10 years.

INVENTORY ADJUSTMENT - This represents an increase or decrease in the value of inventory (livestock, crops, supplies) held by the farm to earn income.

LABOUR AND MANAGEMENT INCOME - This term represents Net Farm Income with an Adjustment made for unpaid family labour and interest on equity. It represents a return to the operator for his labour and management skills after all other costs have been deducted.

LIABILITIES - Debts owed by the business to others.

LONG TERM LIABILITIES - Debts of greater term than 10 years.

MAN EQUIVALENTS - Total number of months of labour including operator, hired and unpaid family labour divided by 12 to reduce the total labour force to the equivalent of the number of men employed on a yearly basis.

NET FARM INCOME - Total Farm Income minus Total Farm Expenses. This represents the return to the farm, the operator and family for labour, management and capital.

RETURN TO EQUITY - This represents the return to the owner's capital after adjustments have been made for operator and family labour. The calculation is: (Net Farm Income - Operator and Family Labour) multiplied by 100 and divided by the Equity.

RETURN TO INVESTED (TOTAL) CAPITAL - This represents the rate of return achieved by the total capital invested in the farm business. The calculation is: (Net Farm Income + Interest Paid - Operator and Family Labour) multiplied by 100 and then divided by Total Capital Investment (Total Assets)).

SHORT TERM LIABILITIES - Debts owed by the business that have a term of less than one (1) year. Short term may also be called Current.